



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 9, 2000

CERTIFIED RETURN RECEIPT
Z 230 748 180

Neldon Kunz
American Gilsonite Company
Bonanza Minesite
HC 73 Box 28
Vernal, Utah 84078-9284

Re: Proposed Bond Reassignment to I-12 Site and Continuance of Detailed Surety Review, American Gilsonite Company, Bonanza Mine, M/047/010, Uintah County, Utah

Dear Mr. Kunz:

This letter is in response to your proposed bond reassignment and commitment to complete the surety review process within the next 45 days, as described in your response received by the Division on June 7, 2000. In order to expedite work on the proposed I-12 shaft, American Gilsonite wishes to reassign the bond posted with SITLA for site E-31 to site I-12 which is also on state managed land.

A \$5,000 bond is presently posted with SITLA for the proposed E-31 disturbance on lease ML-31999, which has not yet occurred. The Division is in general agreement with reassigning a bond posted for a site which has not yet been disturbed to another proposed site. The Division can recognize bonds posted with SITLA for reclamation of mine sites, however, we have not received notification from SITLA regarding such a reassignment. American Gilsonite will need to provide such a request to SITLA to formally reassign the bond.

The Division can accept the bond reassignment to site I-12 and American Gilsonite's commitment to complete the detailed surety review within 45 days as conditions of approval to begin sinking the I-12 shaft. The Division will need notification from SITLA confirming reassignment of the bond prior to issuing written approval to American Gilsonite to begin sinking the I-12 shaft or create other surface disturbances at the site.

Mr. Kunz
M/047/010
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The Division is currently reviewing American Gilsonite's responses regarding the detailed reclamation surety review. The Division will also work to finalize the reclamation surety review within the 45-day time frame from our written approval date. If you have any questions regarding this matter, please call me at (801)538-5267, or Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony A. Gallegos". The signature is fluid and cursive, with the first name "Anthony" and last name "Gallegos" clearly distinguishable.

Anthony A. Gallegos
Senior Reclamation Specialist

tm
cc: Will Stokes, SITLA
O:\m47-10.ltr